

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: David Sykes

**SUBJECT: EQUITY REVIEW OF THE
2020-2021 PROPOSED BUDGET**

DATE: May 8, 2020

INFORMATION

BACKGROUND

At its meeting on April 7, 2020, the City Council approved memoranda by Mayor Liccardo and Councilmember Arenas that, in part, provided direction to the Administration regarding the consideration of equity as part of the process to address the anticipated General Fund shortfall in Fiscal Year 2020-2021:

Mayor Liccardo's Memorandum

Evaluate proposals for reductions in services with an equity screen, the criteria of which must be made transparent to the Council and the public.

Councilmember Arenas' Memorandum

Report back to the Council, in advance of the release on the City Manager's Proposed Budget, an informational memo that shows how the Mayor's proposed equity screen on budget cuts will be applied; and recommend that the Administration model their equity screen similar to that used by the City of Seattle.

This memorandum is responsive to the above direction. After the release of the 2020-2021 Proposed Operating Budget, the Administration will issue a Manager's Budget Addendum on the results of the equity analysis, the approach of which is described below.

ANALYSIS

The City Administration aims to build an equity review process that is embedded into overall considerations of budget, policy, programs and practices. Such a comprehensive process, as modeled by the Government Alliance on Race and Equity (GARE) and adapted by several cities across the US, outlines a set of steps and questions to guide decision-making. As we learned in both Study Sessions on Equity, in December 2019 and February 2020, equity work requires authentic community engagement, analysis of disaggregated data, consideration of short and long-term impacts, and mitigation of unintended consequences to assess how programs and policies would benefit and/or burden communities, specifically historically disadvantaged communities.

The City began an explicit focus on its equity work in 2018, and was beginning to build organizational capacity and infrastructure, developing racial equity tools, and identifying data resources. We understand the importance of centering equity within our decision-making process and appreciate that it takes time to consider historical inequities, facts, and dialogue to ultimately create a path for equitable outcomes – time and space that is absent in the current situation. Although we are still developing the capacity to embed equity review throughout the organization, it is critical to understand how the Administration’s approach to address the large revenue shortfall due to the COVID-19 pandemic is viewed with an equity lens.

The Administration’s consideration of equity during this compressed timeframe consists of two phases. In the first phase, the Administration considered dozens of proposals and strategies across the organization to resolve the anticipated General Fund shortfall. During this evaluation process – though an in-depth equity evaluation for each proposal was not possible given the time and resource constraints – the Administration was mindful of how proposals would impact service delivery and the community. To the extent possible, the proposals that are ultimately recommended to move forward will represent the least community impact while still ensuring that we prepare a budget that appropriately addresses our need to make ongoing expenditure reductions. For purposes of equity review, proposals are grouped into the following categories:

- ***COVID-19 Impacted Services*** – proposals that directly relate to the social distancing or other requirements necessary to combat the pandemic that will impact the community
- ***Other Direct Community Impacts*** – other proposals that have a direct impact on the community through service reductions or, in limited instances, service enhancements
- ***Strategic Support Impacts*** – proposals that do not have direct impact on community service delivery, but impacts support functions that help enable service delivery
- ***Proposals with No Impact*** – a limited number of proposals will reduce costs without a service impact

In the second phase, an Equity Review Team has been formed, made up of staff members who participated in the GARE program, to review budget proposals with a focus on the categories of “COVID-19 Impacted Services” and “Other Direct Community Impacts”. A summary of findings will be shared with the Mayor and City Council by way of a Manager’s Budget Addendum scheduled for release prior to the City Council study sessions on May 14th and 15th.

Given the compressed timeline, the Team will research and analyze the following, which is considered a “sprint” version of a comprehensive equity review process:

1. Population impacted, with a specific focus on historically disadvantaged communities
 - a. Use disaggregated data when possible
2. Potential positive impacts on impacted communities - who benefits?
 - a. Short and long-term impacts
3. Potential negative impacts on impacted communities - who is burdened?
 - a. Short and long-term impacts

HONORABLE MAYOR AND CITY COUNCIL

May 8, 2020

Subject: Budget Equity Review of the 2020-2021 Proposed Budget

Page 3

4. Previous community input/engagement on this program/service, if any
5. General assessment of equity impact
6. Data and information gaps, to help us plan for a comprehensive equity review process in the future

This budget process will be difficult for both the choices the City Council will need to make to achieve a balanced budget, and for the conditions under which the decisions will be made. The Administration shares the City Council's goal of ensuring that considerations of equity play a prominent role to help guide decision-making through this budget development and approval process.

A handwritten signature in dark ink, appearing to read "D. Sykes", with a stylized flourish at the end.

DAVID SYKES
City Manager

For questions, please contact Zulma Maciel, City Manager's Office, at zulma.maciел@sanjoseca.gov.